

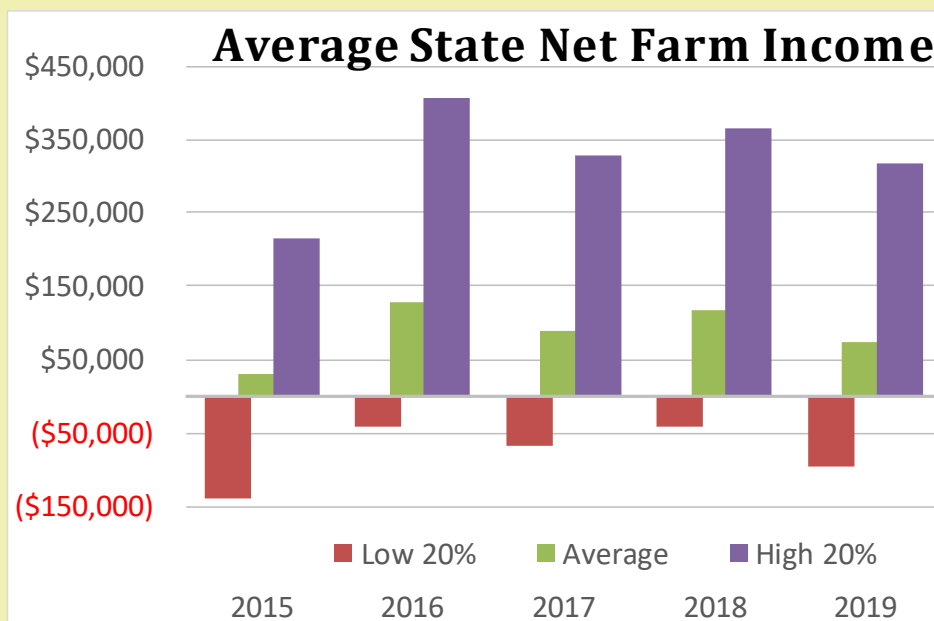
ND FARM MANAGEMENT EDUCATION

Highlights from the 2019 North Dakota Averages

“Our Mission is to provide lifelong learning opportunities in economic and financial management for adults involved in the farming and ranching business.”

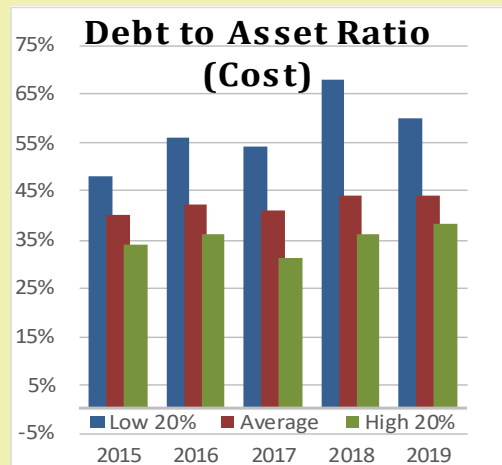
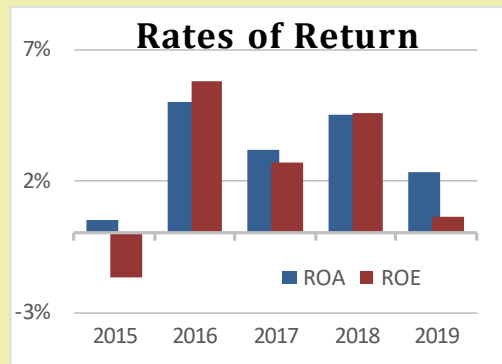
Average net farm income for the 366 farms that were included in the 2019 North Dakota Farm and Ranch Business Management Report was \$74,100 compared to \$116,227 in 2018. Median net farm income, probably a better measure of the typical farm, was \$39,002, compared to \$80,927 in 2018 and \$52,051 in 2017. Yields showed improvements on the Western side of the state through Central ND in comparison to 2018. The Eastern side of the state struggled with extremely wet fields during planting and harvest. Commodity prices were slightly lower in 2019 majorly due to the on-going trade war with China. Many producers experienced a benefit from a second round of the Market Facilitation Program payments, receiving a calculated payment per acre planted of qualified crops, based on their county. Cattle feed costs were lower in 2019; however, cattle prices were also lower in comparison to 2018 ultimately lowering the average net return to \$49.68 per cow in 2019 as compared to \$118.07 per cow in 2018.

Rate of return on assets was 2.3% and rate of return on equity averaged 0.6%. This indicates borrowed money is returning a very small portion back to the operation. Term debt coverage ratio worsened from a 1.90 in 2018 to a 1.35 in 2019. This ratio represents the ability of the average farmer to make payments with money left over for family living costs. Working capital for the group averaged \$221,878 compared to \$217,184 in 2018. Net farm income ratio worsened from 14% in 2018 to 8.3% in 2019, putting farms in a less efficient position in comparison to last year.



The average farm size was 2,573 acres, of which 426 were pasture. The average farmer was 47 years of age and has farmed for 22 years.

The average non-farm income for 2019 for the farms enrolled in the North Dakota Farm and Ranch Business Management Programs was \$37,433 compared to \$39,279 in 2018.



Highlights from the 2019 Red River Valley Averages

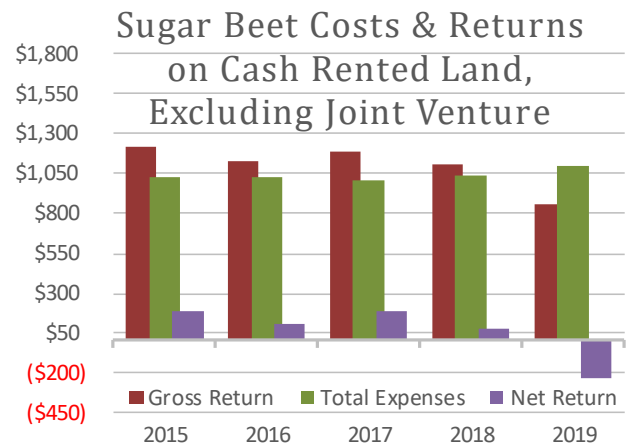
Overview for Red River Valley

The Red River Valley overview includes information from 220 farms located up and down the Red River Valley. Net Farm Income decreased from \$173,275 in 2018 to \$53,472 in 2019. Factors that caused this year's net farm income to decrease include extremely wet conditions in the Valley leading to poorer corn and soybean yields and several acres of beets left in the field. Soybean prices also suffered due to the on-going trade war with China. 2019 did see another round of Market Facilitation Payments to help with lower commodity prices. The Red River Valley averaged about \$54/acre payments on corn, soybeans, and wheat.

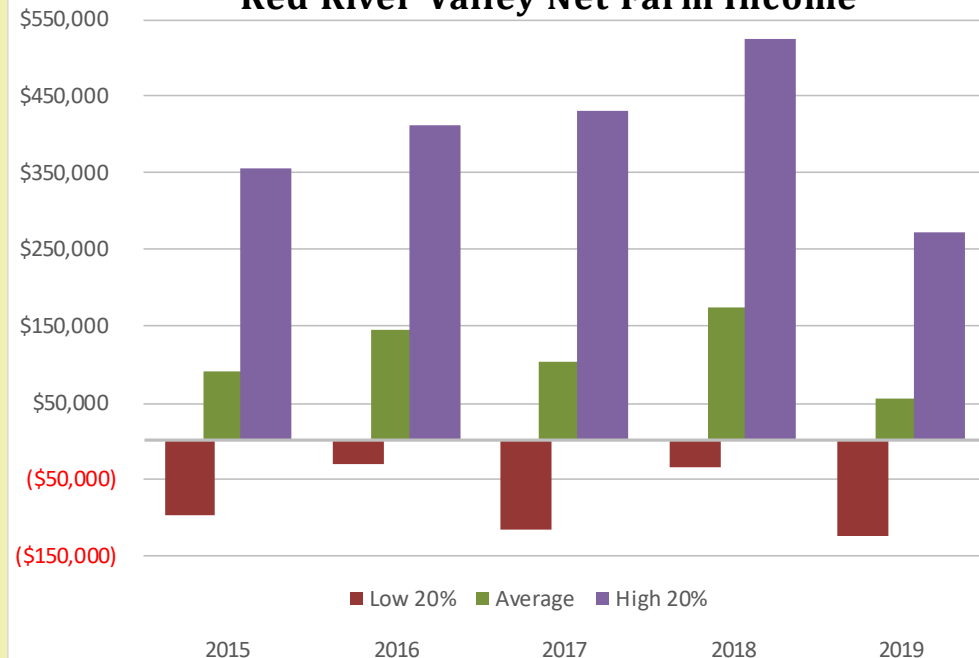
The average farmer in the Red River Valley was 47 years of age with 24 years of farming experience. The average size farm was 1,735 acres and farmers spent an average of \$888,682 on input costs, a 7% decrease from 2018. Machinery purchased was relatively the same as 2018, totaling \$87,098. Farms sold an average of \$13,842 of machinery.

2019 Crop Yields and Returns on Cash Rented Land

	Soybeans (bu/ac)	HRSW (bu/ac)	Corn (bu/ac)
Yield/ac	39	61	165
Total Expense/ac	\$364.63	\$405.8	\$605.82
Net Return/ac	\$23.25	-\$0.82	\$28.21
Cost/unit produced	\$9.41	\$6.68	\$3.67



Red River Valley Net Farm Income



Summary of Cash Flows

Gross Farm Income	\$1,026,955
Non Farm Income	\$26,390
Total Cash Farm Exp.	\$888,682
Income Taxes	\$16,850
Family Living	\$74,926
Money Borrowed	\$550,254
Principal Payments	\$470,991

The average net farm income for 2019 was \$53,472 compared to \$173,275 in 2018. In addition, non-farm income averaged \$26,390 in 2019 as compared to \$28,899 in 2018.

Highlights from the 2019 North Dakota Region 2 Averages

Overview for Region 2

The north central region of North Dakota experienced a decrease in profitability in 2019. The regional report from 127 farms showed an average return of \$71,050, which was an decrease of \$50,468 from the previous year. In 2019, the average farm consisted of 2,185 crop acres, down from 2,216 in 2018, and 331 acres of pasture, nearly identical to the 337 acres reported in 2018. The average farm operator was 44.9 years of age and has been farming for 20.4 years, each decreasing very slightly from 2018.

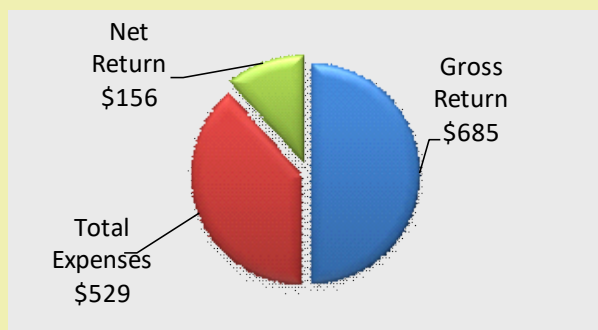
The average farm's operating expense ratio was 75.9% compared to 70.6% in 2018 and the net farm income ratio decreased to 9.3% from 16.2%. The average farm showed a decrease in their current ratio to 1.59 compared to 1.71 in 2018 along with a 12.7% decrease in working capital to \$231,735. The term debt coverage ratio decreased to 1.23 compared to 1.87 in 2018.

2019 Crop Yields and Returns on Cash Rented Land

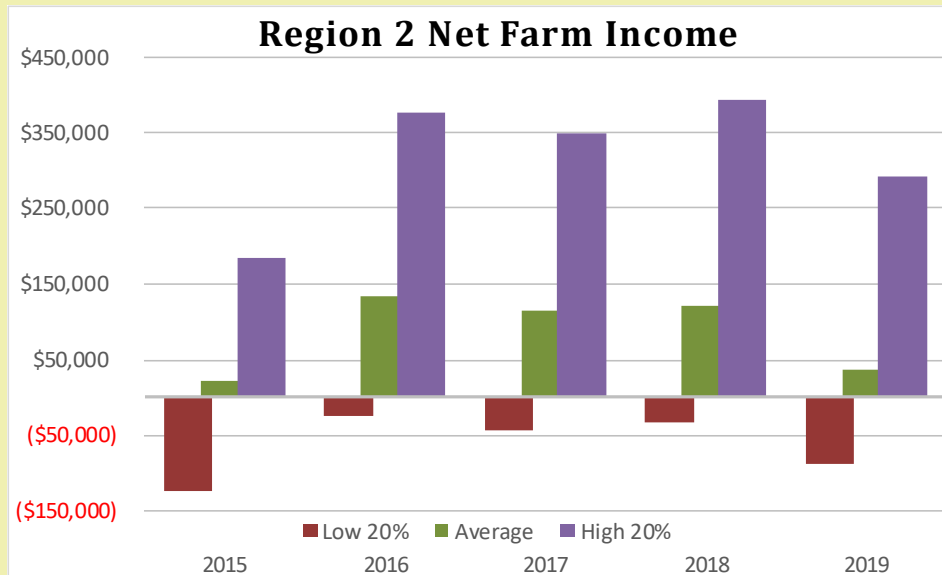
	Sunflower (cwt/ac)	Soybeans (bu/ac)	Barley (bu/ac)	Canola (cwt/ac)	HRSW (bu/ac)	Corn (bu/ac)
Yield/ac	14.16	27.51	77.59	18.62	51.80	111.06
Total Expense/ac	\$298.31	\$274.58	\$263.15	\$316.68	\$282.94	\$360.46
Net Return/ac	\$14.26	\$17.95	\$83.50	\$12.32	\$35.65	-\$45.78
Cost/unit produced	\$21.06	\$9.98	\$3.39	\$17.01	\$5.46	\$4.09

Cow/Calf producers saw lower returns in 2019 than in 2018. The average gross margin was \$685 per cow with a net return of \$155.92 per cow. Compared to 2018, this was a decrease of \$114/cow in gross margin and a decrease of \$53.22/cow in net return. Cost per cow showed a decrease of \$61.31. Average prices received were \$153.23/cwt in 2019, \$7.28 lower than the \$160.51/cwt received in 2018. Backgrounding enterprises in 2019 showed a slight increase with a net return of \$58.76/cwt for 2019 compared to \$51.29/cwt in 2018. Total direct and overhead costs for 2019 backgrounding enterprises were \$69.48/cwt compared to \$67.69/cwt for 2018.

Average Beef Cow



Region 2 Net Farm Income



The average net farm income for 2019 was \$71,050.
Non-farm income averaged \$38,984.

Highlights from the 2019 North Dakota Region 3 Averages

Overview for Region 3

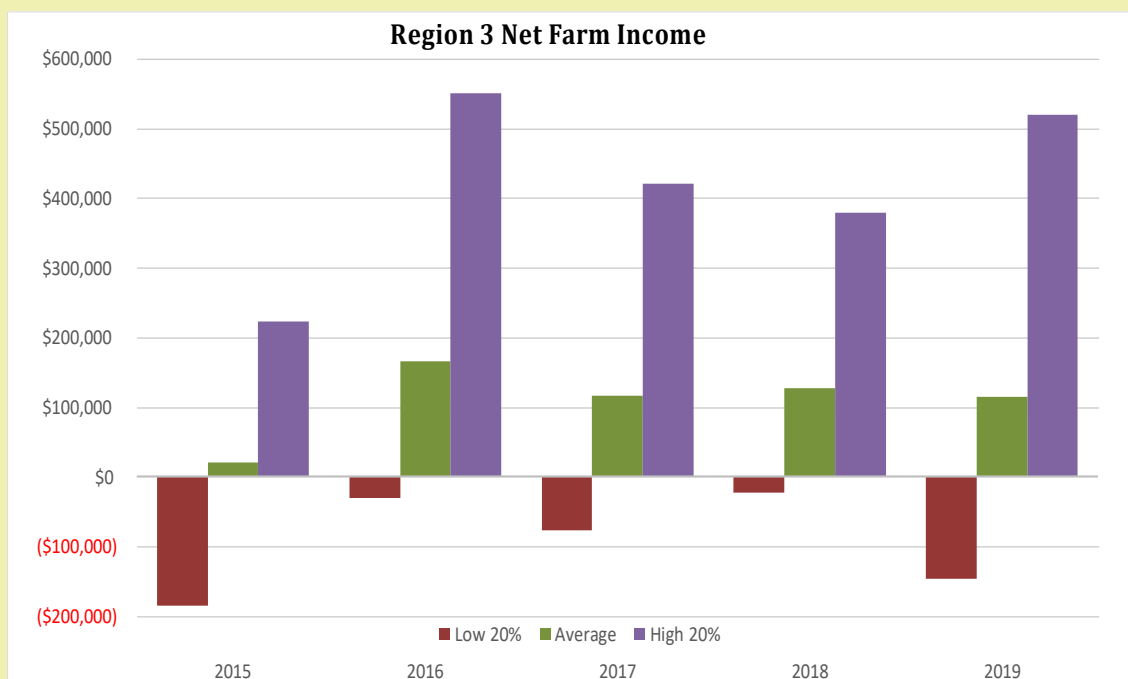
The south central region of North Dakota had a less profitable year than 2018. The average profit for the 76 farms in the area Farm and Ranch Business Management Program Summary was \$115,683 and was less than the average profit of \$127,089 generated in 2018.

The average farm consisted of 2,684 crop acres, of which 660 were owned, 1,974 were rented, and 50 acres were share cropped. 2019 showed an average of 536 acres of pasture or rangeland. The average farm operator was 47 years of age and had been farming for 22 years. The farm profits were affected by yields that were approximately 4-5% better and prices that were 5-10% less than the previous year. Leading the list of profitable cash crops were durum, hard red spring wheat, soybeans, corn, and pinto beans.

The net income per beef cow in the region was -\$125.14. This number also included the feed and other expenses for backgrounding the 2019 calf. That profit number was \$118.78 per cow in 2018. This year showed a drop of \$243.92 per cow from 2018.

2019 Average Crop Yields and Returns on Cash Rented Land

	HRSW (bu/ac)	Durum (bu/ac)	Corn (bu/ac)	Soybeans (bu/ac)	Pinto Beans (cwt/ac)
Yield/ac	56.61	59.24	144.49	37.79	15.82
Total Cost/ac	\$302.89	\$311.68	\$474.82	\$294.67	\$431.39
Net Return/ac with MFP but no other Gov't Pmts.	\$57.34	\$126.88	\$47.16	\$61.62	\$37.26
Cost/Unit Produced	\$5.17	\$5.26	\$3.29	\$7.80	\$27.27
Cost/Unit with Government Payment and Crop Insurance	\$3.93	\$4.06	\$2.85	\$6.25	\$21.90



The average net farm income for 2019 was \$115,683 compared to \$127,089 in 2018. In addition, non-farm income averaged \$40,097.

Highlights from the 2019 North Dakota Region 4 Averages

Overview for Region 4

2019 was full of unique challenges for Western North Dakota as well as the entire state. Region 4 showed that the average net farm income was slightly higher than in 2018 but could easily be described as even. Yields were slightly higher for most crops excluding sunflowers, which saw a decrease. The issue here was crop quality related to disease, falling numbers, and test weight caused by an extremely wet fall.

Trade wars and the signing of new trade deals highlight the price landscape which caused a sharp price decline in the markets throughout most of the year, but also shows some optimism for the future.

Cow/Calf operations saw a continued decrease in returns per head and are nearing break even net returns. Slightly lower calf prices based on timing of sale and very low cull cow prices contributed to the decline.

2019 Crop Yields and Returns on Cash Rented Land

	HRSW (bu/ac)	Corn (bu/ac)	Soybeans (bu/ac)	Oil SF (cwt/ac)	Alf/Grass Hay (tons/ac)
Yield/ac	49.95	122.5	34.26	15.37	1.33
Gross Income/ac	\$272.62	\$402.16	\$300.61	\$303.62	\$89.70
Direct Expense/ac	\$217.79	\$303.27	\$214.79	\$230.71	\$42.15
Total Expense/ac	\$262.75	\$372.66	\$268.68	\$271.19	\$69.98
Net Return/ac	\$9.87	\$29.50	\$31.93	\$32.43	\$19.72
Cost/unit produced	\$5.26	\$3.04	\$7.84	\$17.64	\$52.71

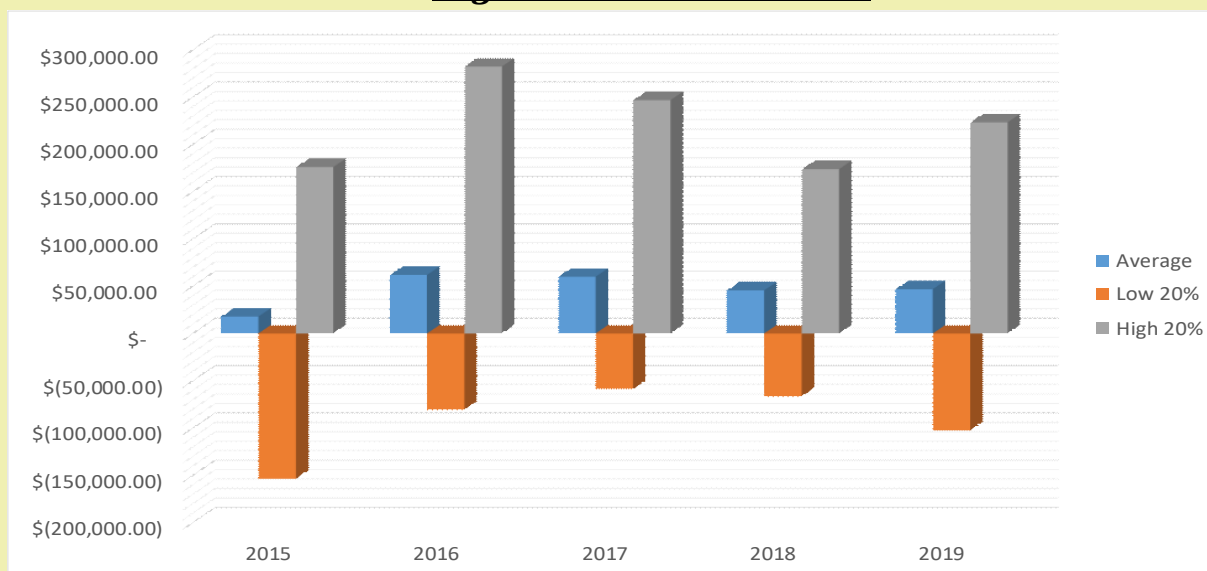
2019 Cow/Calf by Profitability Group

	Average
Gross Margin/cow	\$716.42
Direct Expense/cow	\$574.72
Overhead Expense/cow	\$107.81
Total Expense/cow	\$682.53
Net profit per cow	\$33.89

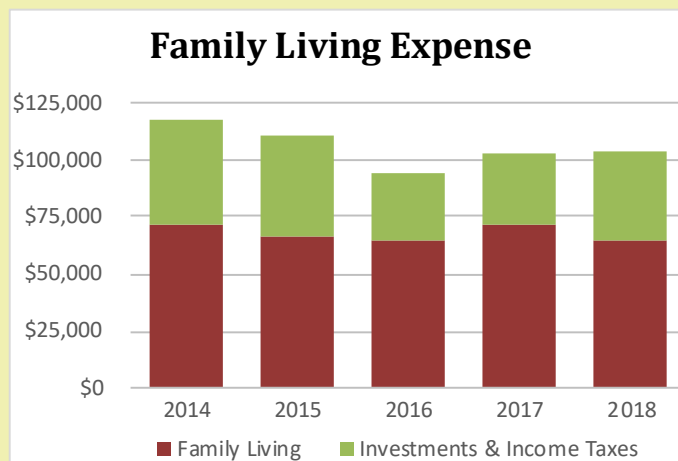
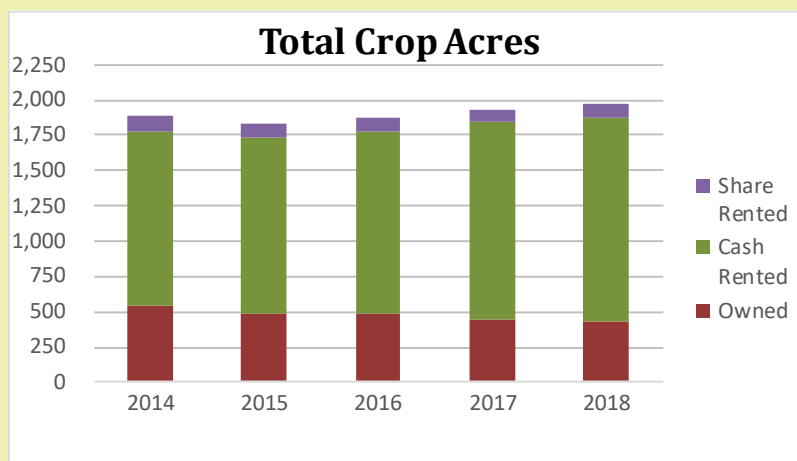
Net Farm Income

The average net farm income for Region 4 in 2019 was \$46,789 compared to \$45,544 in 2018. The low 20% profit group averaged -\$102,573 and the high 20% profit group averaged \$223,305.

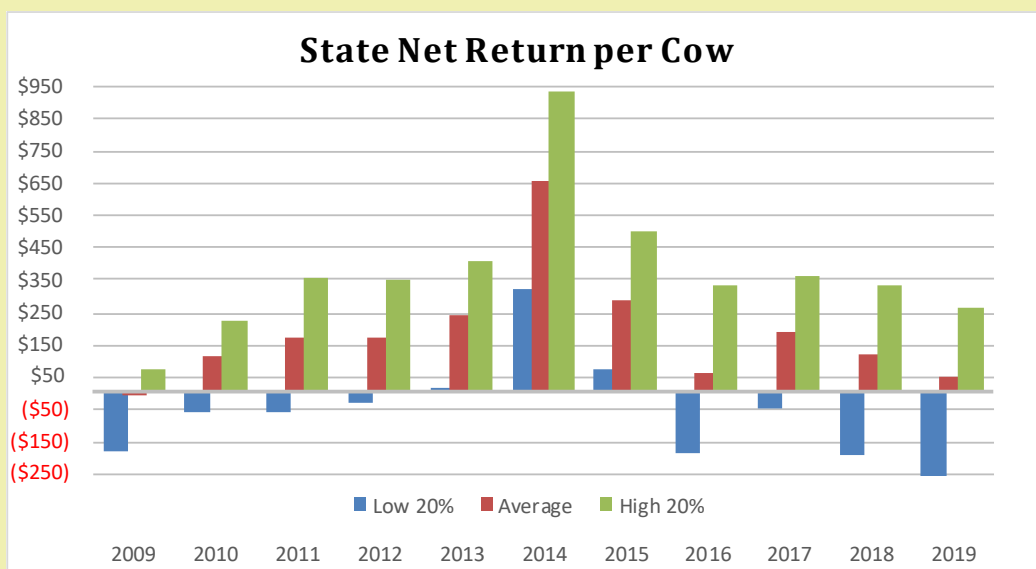
Region 4 Net Farm Income



More Highlights from the 2019 North Dakota Farm and Ranch Business Management Averages



Beef Production in North Dakota for 2019



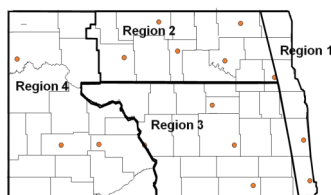
Cow-Calf Herds

	2019	2018	Difference
Average Weaning Weight	549#	563#	-14#
Average Price of Calves sold directly off cow	\$151.18	\$162.16	-\$10.98
Feed cost per Cow	\$372.18	\$387.12	-\$14.94
Net return per cow	\$49.68	\$118.07	-\$68.39

Beef Backgrounding

	2019	2018	Difference
Average lbs gained/head	116.2#	78.4#	37.8#
Net return/cwt produced	\$49.26	\$13.14	-\$6.84
Average sale price	\$148.96	\$152.06	\$11.73
lbs of feed fed/lb of gain	13.21#	16.62#	3.83#
Average daily gain	2.15#	1.20#	-0.48#

North Dakota Farm Business Management Programs are located in four regions across North Dakota



For More Information

If you would like a complete averages book or additional information please contact your local Farm and Ranch Business Management Education Program or the North Dakota Agricultural Education Supervisor at (701) 328-3179. You can also find more detailed information by checking out our website www.ndfarmmanagement.com or the Finbin website at www.finbin.umn.edu.

